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July 23, 2009

VIA ELECTRONIC-DELIVERY

Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Petition of Duke Energy Carolinas, LLC for an Accounting Order to Adopt New Depreciation Rates
Effective January 1, 2009
Docket No. 2009-253-E

Dear Mr. Terreni:

The Office of Regulatory Staff ("ORS") has reviewed the filing by Duke Energy Carolinas, LLC ("Company") in the above-referenced Docket and has no objection to the Company's request for issuance of an accounting order allowing adoption of new depreciation rates effective January 1, 2009. The new depreciation study performed by Gannett Fleming, Inc. related to the electric plant of the Company as of December 31, 2008. The last change in the Company's depreciation rates were effective January 1, 2005 and approved in Order No. 2005-169. Results of the current study indicate an annual reduction in depreciation expense of approximately \$55 million. The major depreciable functional categories were characterized by varying accrual rate changes both positive and negative. Drivers for these changes include longer or shorter remaining lives, lower or higher cost of removal, remaining life tied to license date of a facility and change in methodology to address reserve imbalances. The Petition asserts that adoption of these new depreciation rates will not involve a change to any of the Company's rates or prices and issuance of an accounting order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

John W. Flitter

JWF/swh

cc: Dan F. Arnett, Chief of Staff
Nanette Edwards, Chief Counsel and Director of Legal Services
Jeffrey M. Nelson, Esquire
Catherine E. Heigel, Esquire
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